

## Message Text

UNCLASSIFIED

PAGE 01 BRASIL 05275 251128Z

ACTION AGRE-00

INFO OCT-01 ARA-14 ISO-00 EB-07 AID-05 COME-00 TRSE-00

/027 W

-----086986 251130Z /14

P 242110Z JUN 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 2444

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 5275

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJECT: SOYBEAN EXPORT SITUATION

REF: BRASILIA 5044, BRASILIA 4889, BRASILIA 4744

1. AT THE END OF A LONG AWAITED MEETING OF THE NATIONAL MONETARY COUNCIL ON JUNE 23, FINANCE MINISTER SIMONSEN REITERATED THAT AT THE PRESENT THE GOB HAD NO INTENTION OF REDUCING OR ELIMINATING THE 12 PERCENT EXPORT RETENTION TAX (CONFISCO) ON SOYBEANS.

2. DEBATES AND ACCUSATIONS ABOUT SOYBEAN EXPORTS CONTINUE TO RECEIVED HEAVY COVERAGE IN THE NEWS MEDIA. MOST MAJOR PAPERS CONTAIN REPORTS OF PROTESTS BY VARIOUS PRODUCER GROUPS AND STATE GOVERNMENTS AGAINST THE CONFISCO. GOVERNORS OF RIO GRANDE DO SUL AND PARANA HAVE BOTH RECENTLY VISITED BRASILIA WHERE THEY MET WITH FEDERAL OFFICIALS ABOUT THE NEED TO STIMULATE SOYBEAN EXPORTS.

3. A TRADE REPORT CARRIED IN SEVERAL NEWSPAPERS STATES THAT FOREIGN EXCHANGE EARNINGS IN CY 1977 FROM SOYBEANS WILL BE \$1 UNCLASSIFIED

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BILLION LESS THAN WHAT WAS PROJECTED IN APRIL. INTERIOR PRICES IN RIO GRANDE DO SUL HAVE DELINED TO CR\$150/60 KG. SACK WHILE PRODUCERS REPORTEDLY ARE SEEKING CR\$200. DOMESTIC PRICES FOR SOYBEAN MEAL AND SOYBEAN OIL ARE STILL BEING SUBSIDIZED EVEN THOUGH THE WORLD PRICE HAS FALLEN CONSIDERABLY.

4. NEWSPAPERS REPORT THAT SOYBEANS ARE BEING SMUGGLED THROUGH

PARAGUAY. ACCORDING TO THESE ARTICLES, UP TO 200,000 TONS OF  
SOYBEANS MAY HAVE BEEN SMUGGLED OUT OF BRAZIL TO AVOID PAYMENT  
OF THE CONFISCO.  
JOHNSON

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NNN

## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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